

Economic and Mortgage Market Outlook

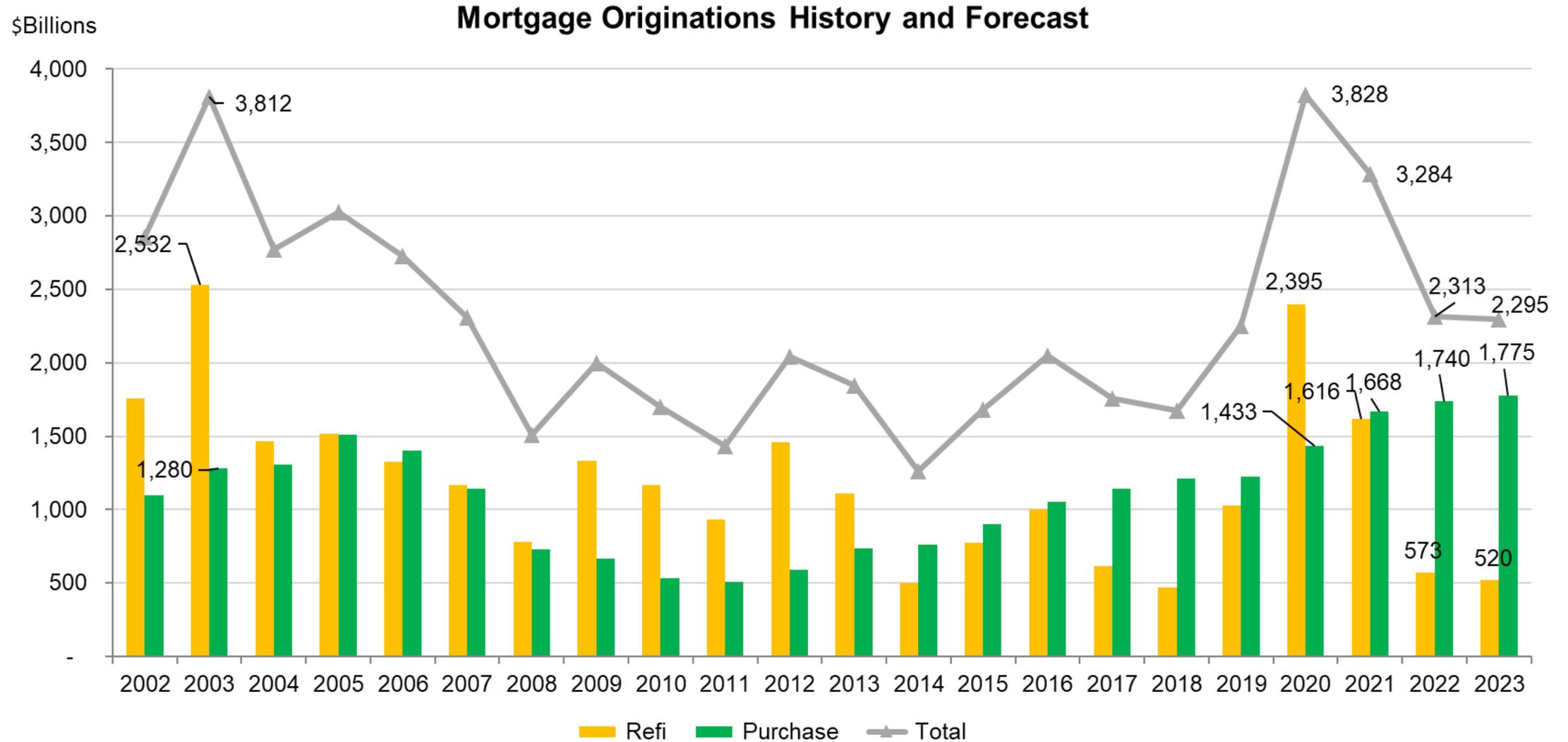
May 2021

Presented by:

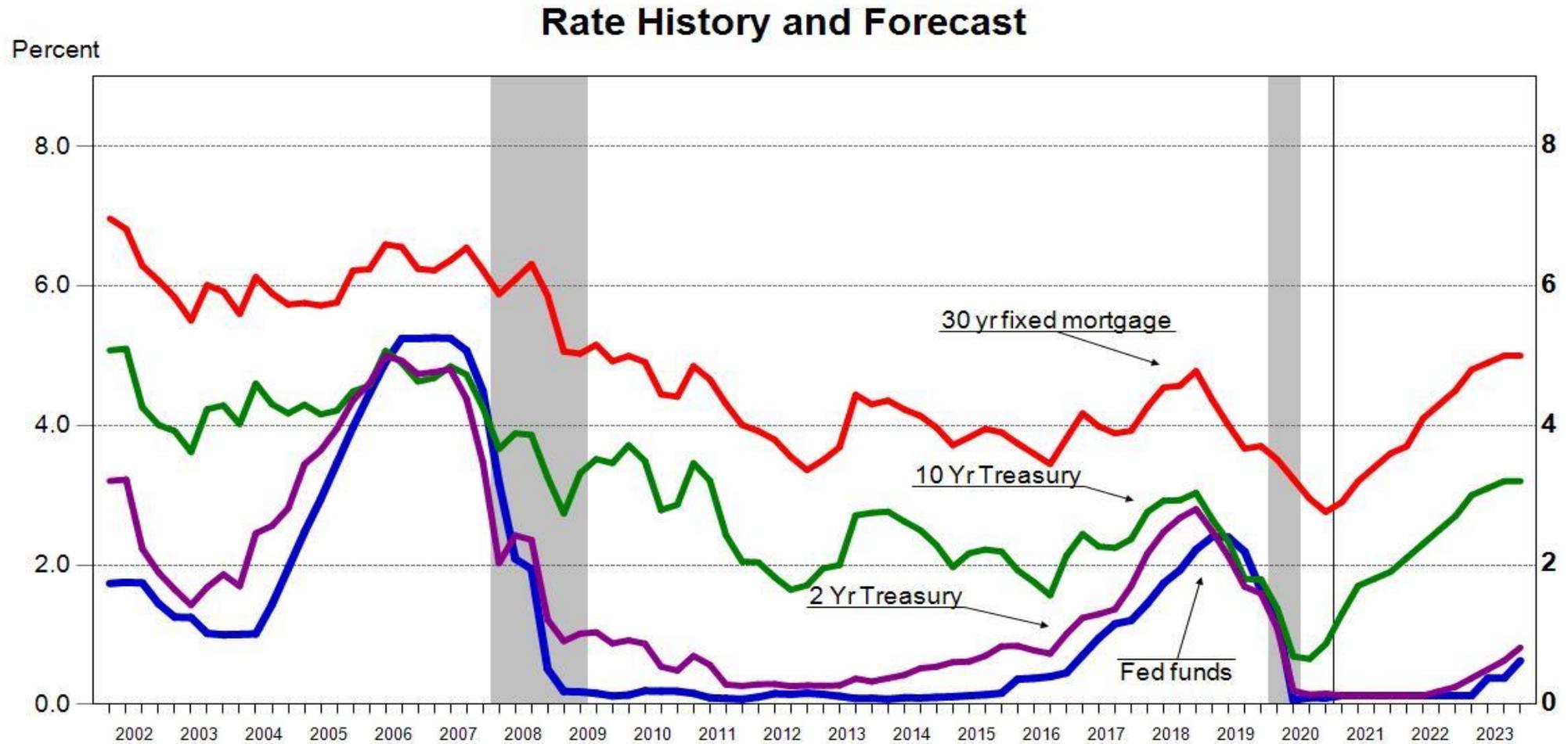
Mike Fratantoni

Mortgage Bankers Association

Forecast Purchase Growth, Refinancing to Slow



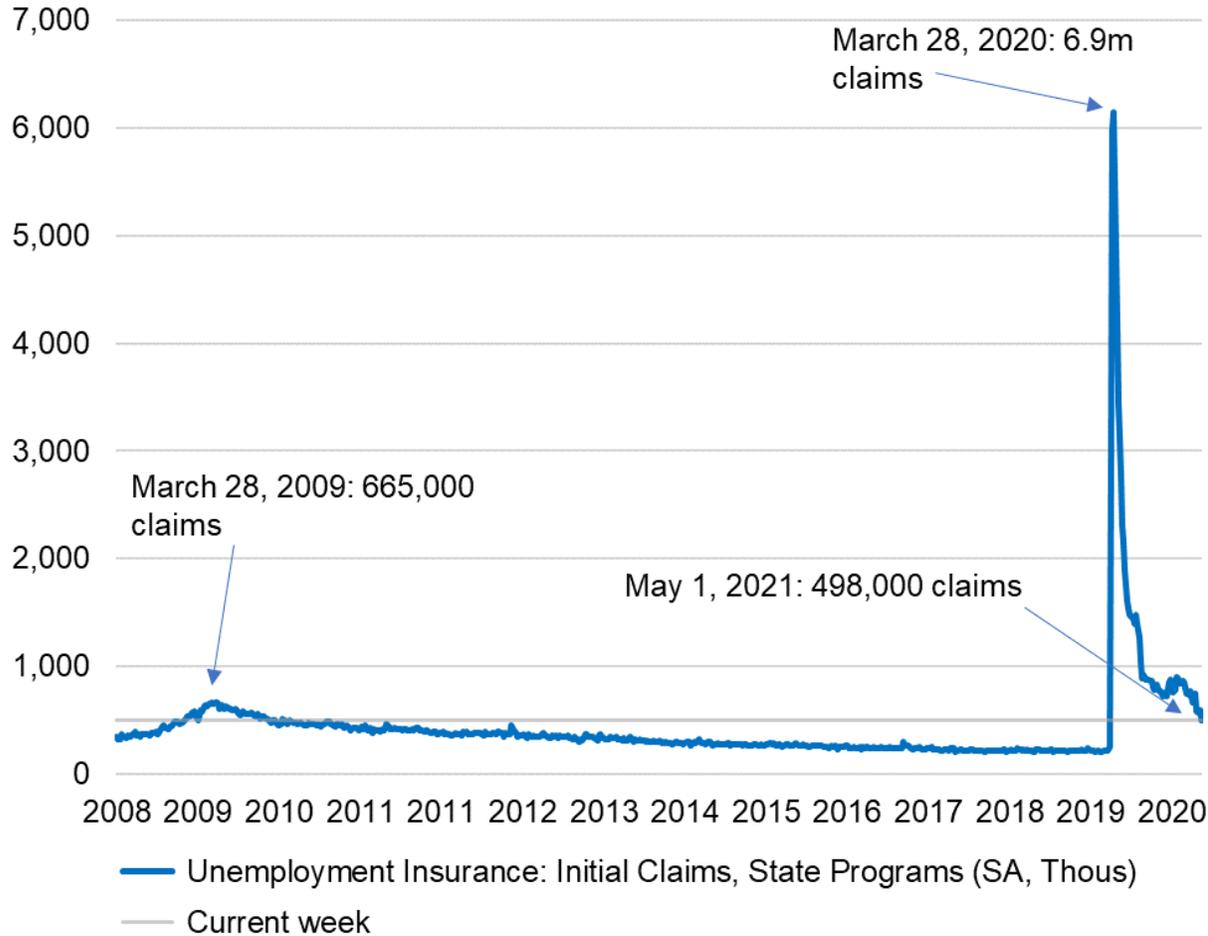
Short-term Rates At Zero Through 2022



Job Market Improving...for Jobseekers

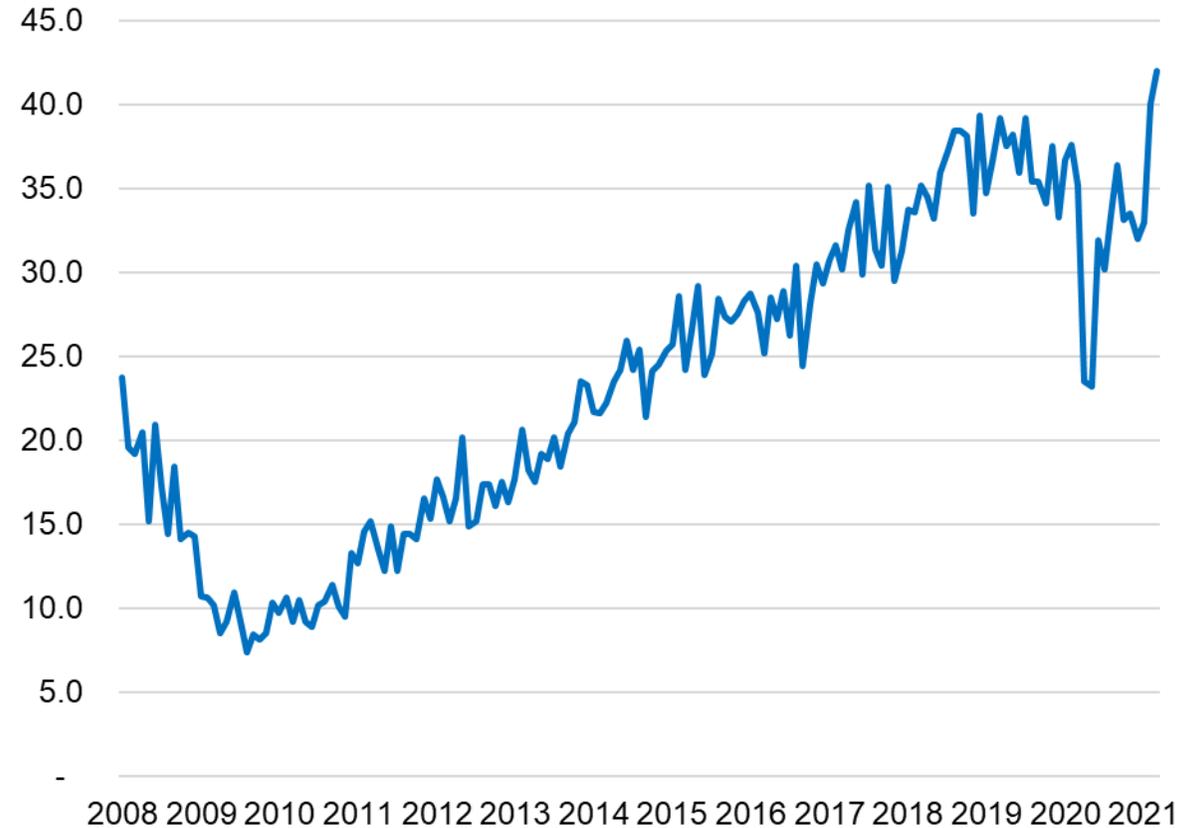
Unemployment Insurance: Initial Claims

Seasonally adjusted, 000s



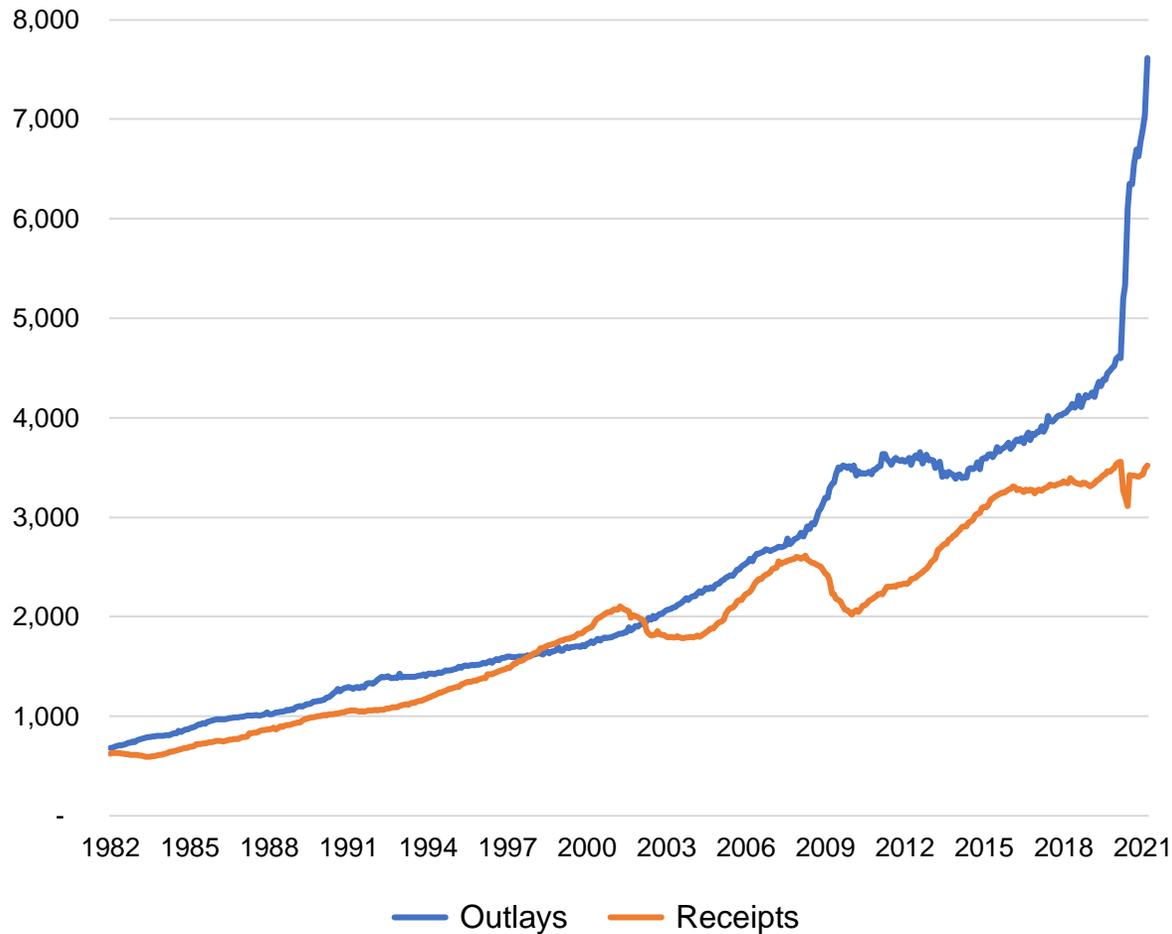
Percent of Firms Reporting Jobs Hard to Fill

Seasonally adjusted, percent

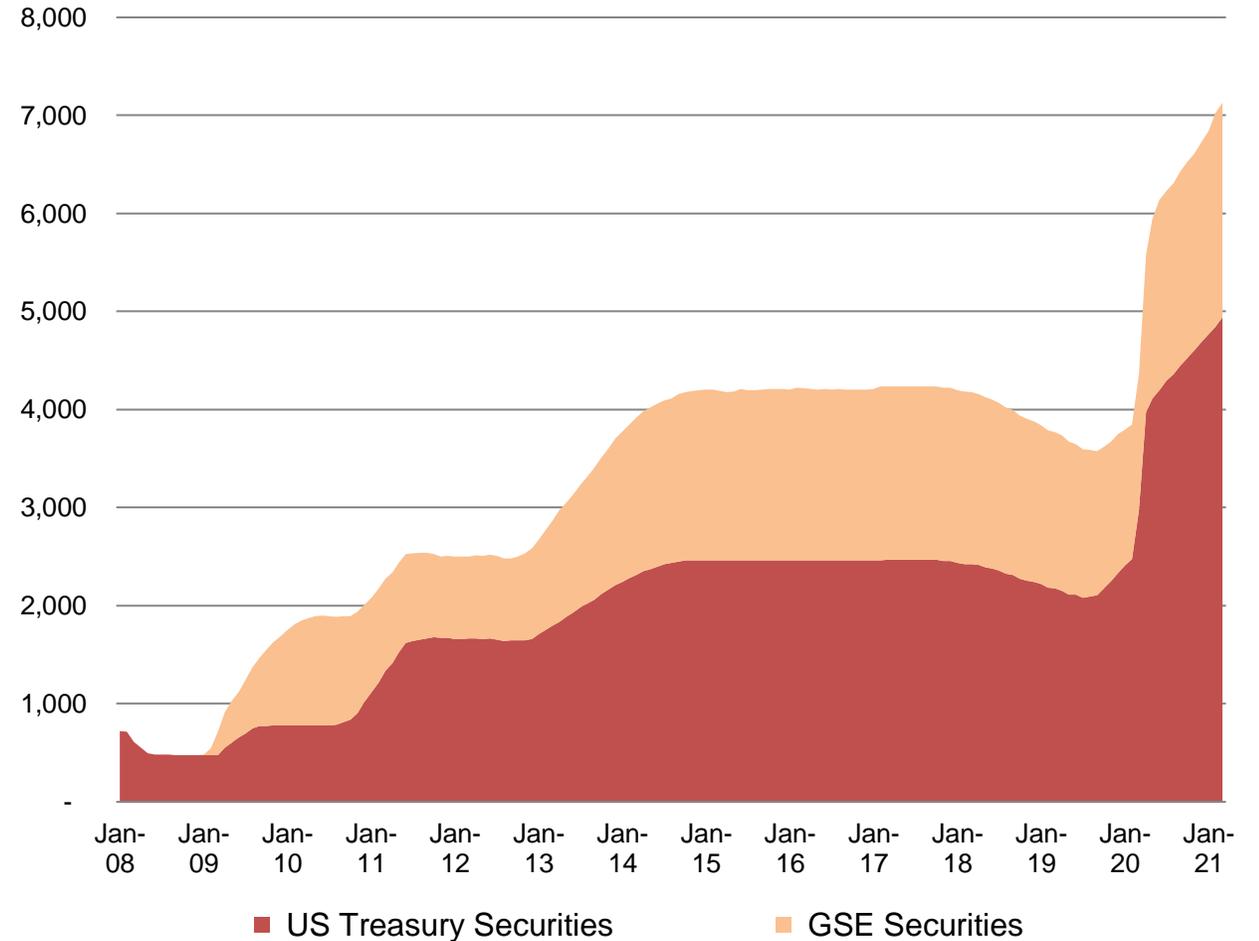


Massive Support from Government and Fed

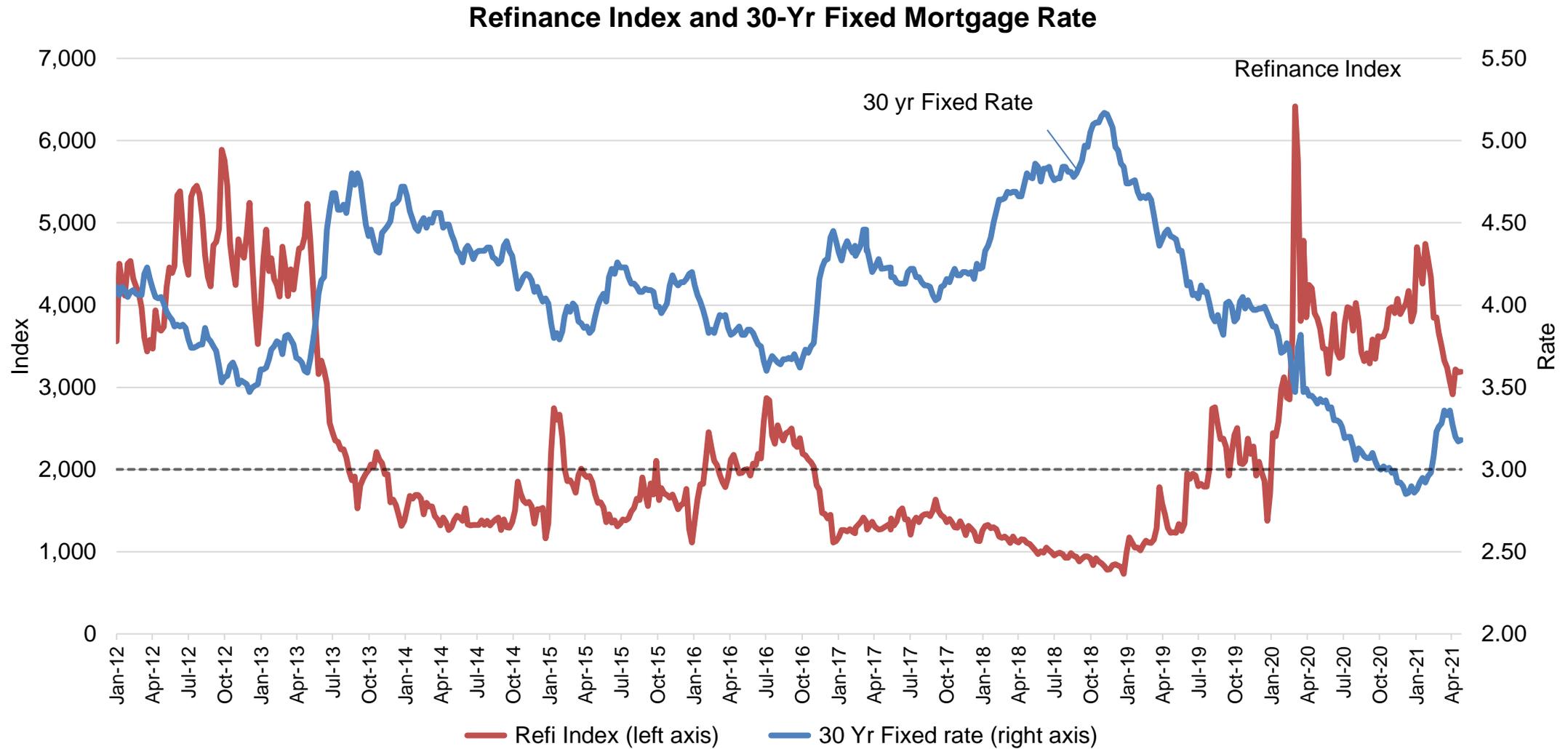
US Federal Govt Spending and Income
12-month rolling total, \$billions



Federal Reserve Securities Holdings
\$billions

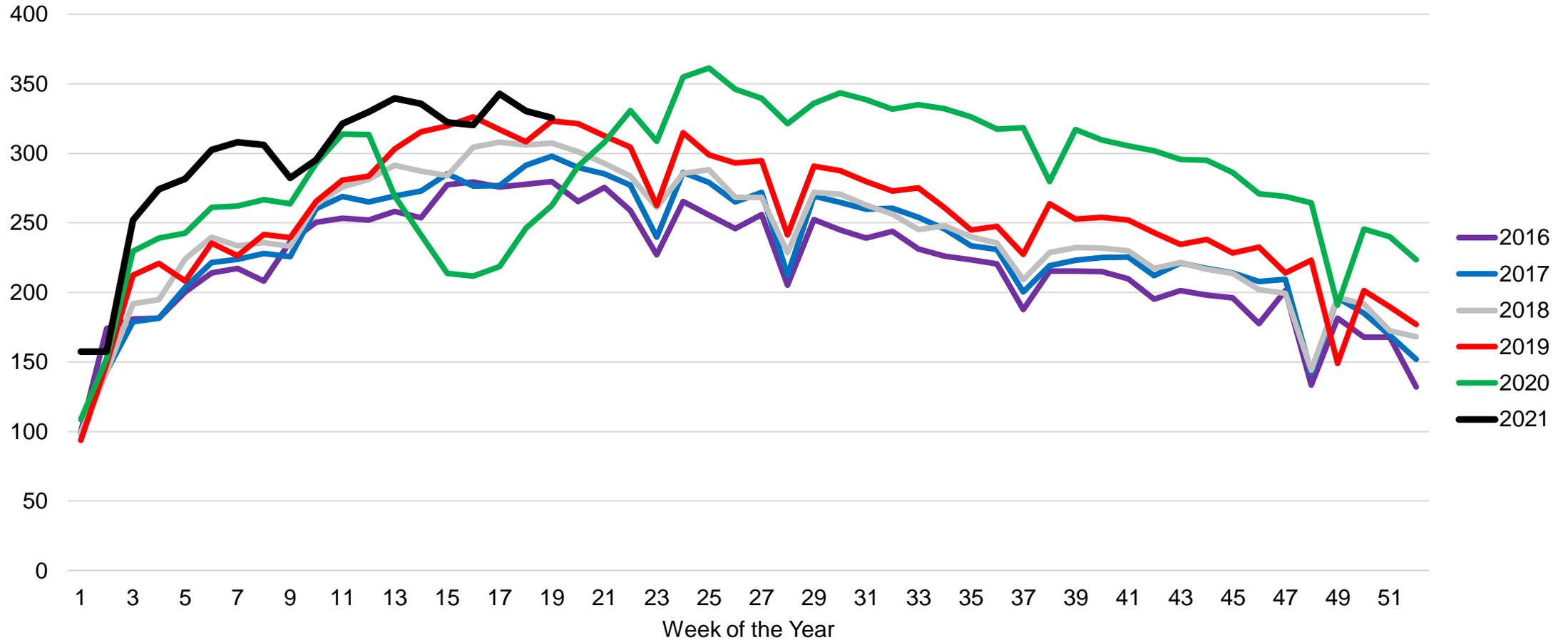


Refi Applications Falling As Rates Have Turned Higher



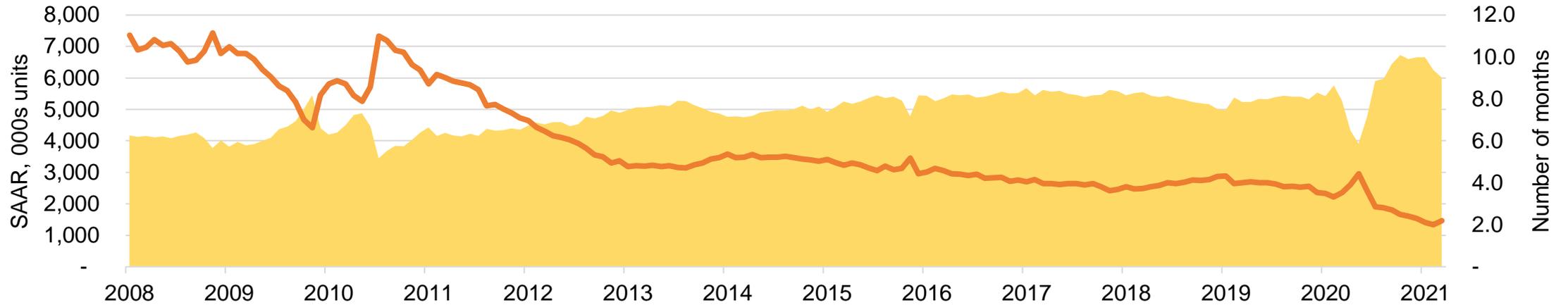
Purchase Applications Continuing Strong Annual Growth

Purchase Mortgage Applications Index
(by week of the year, NSA)

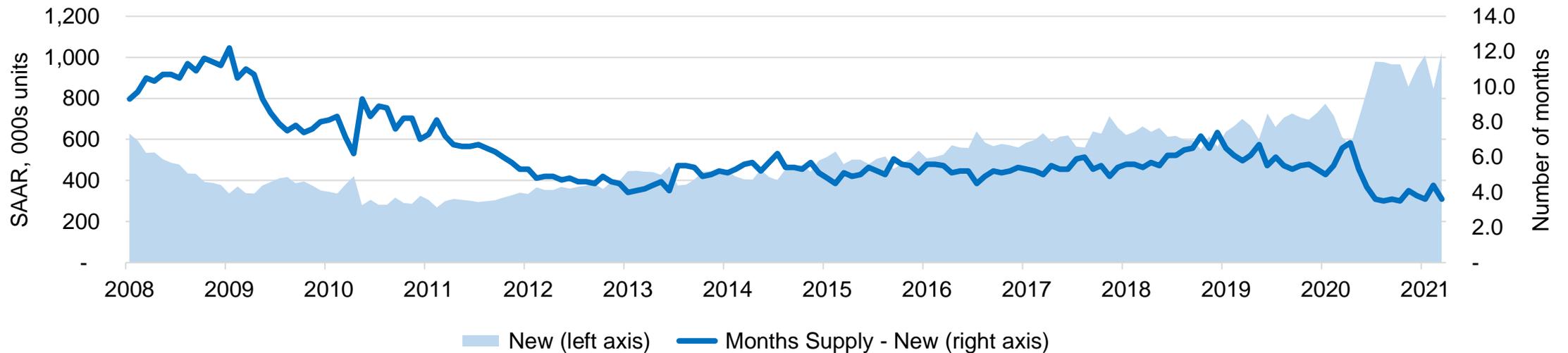


Home Sales Still Strong, But Housing Inventory is Low

Existing Home Sales and Inventory



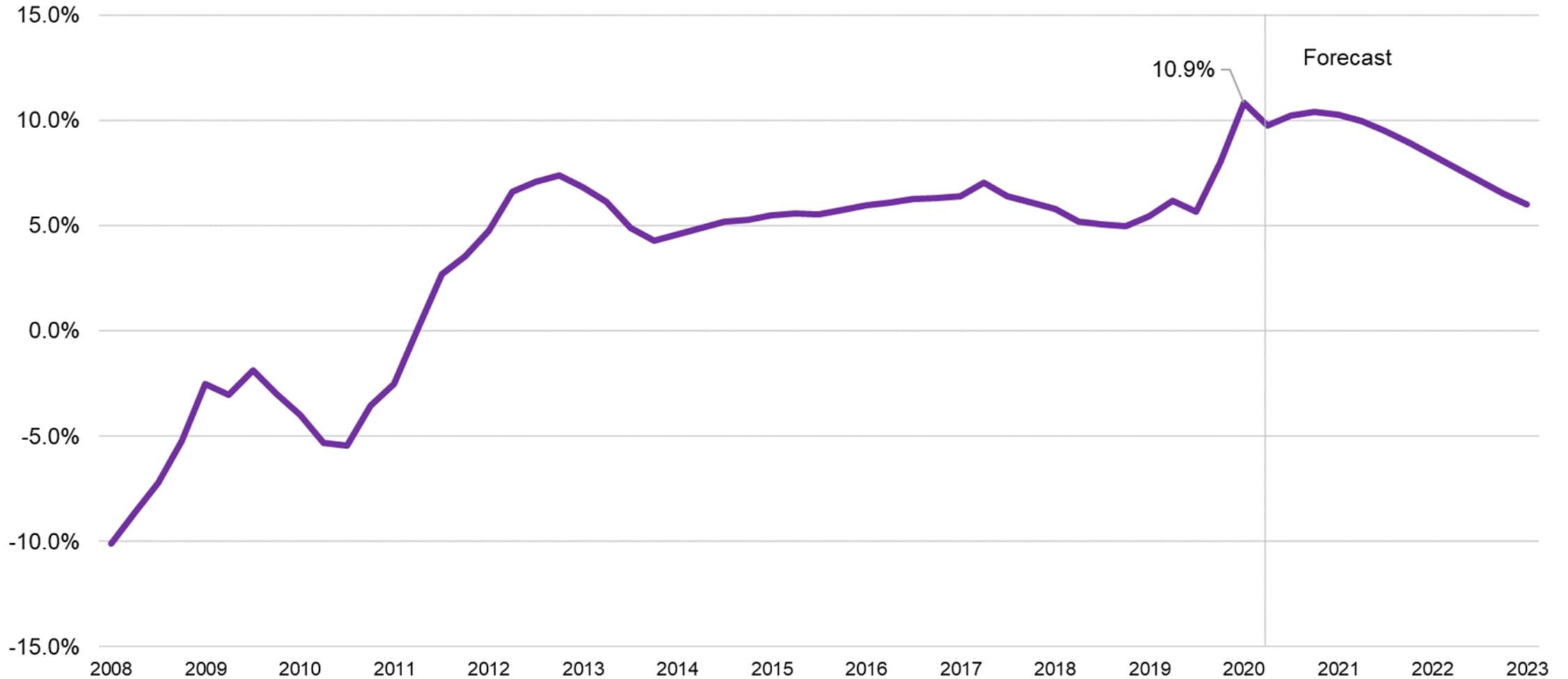
New Home Sales and Inventory



■ New (left axis) ■ Months Supply - New (right axis)

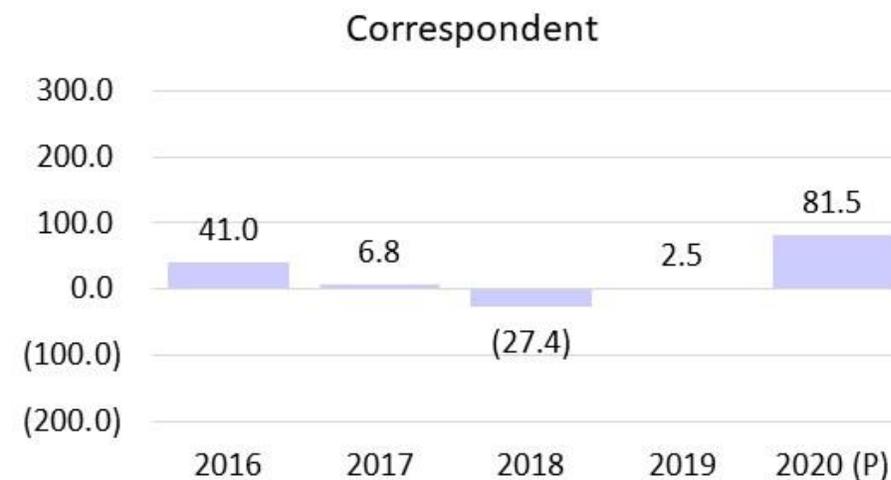
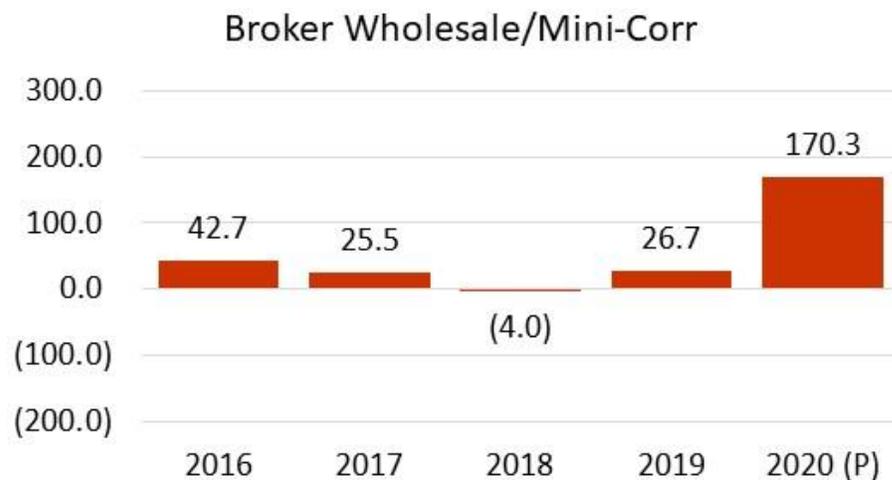
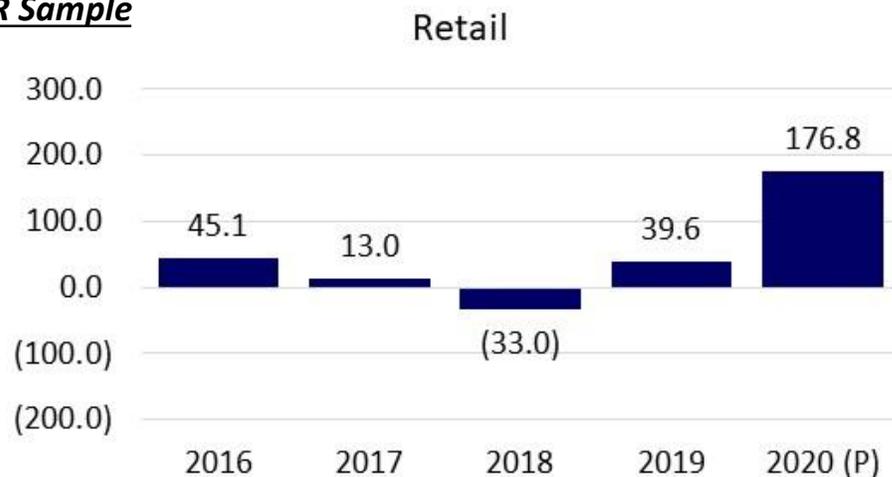
Home Price Growth Accelerated in 2020

FHFA Purchase Only House Price Index
Non-seasonally adjusted, year over year change

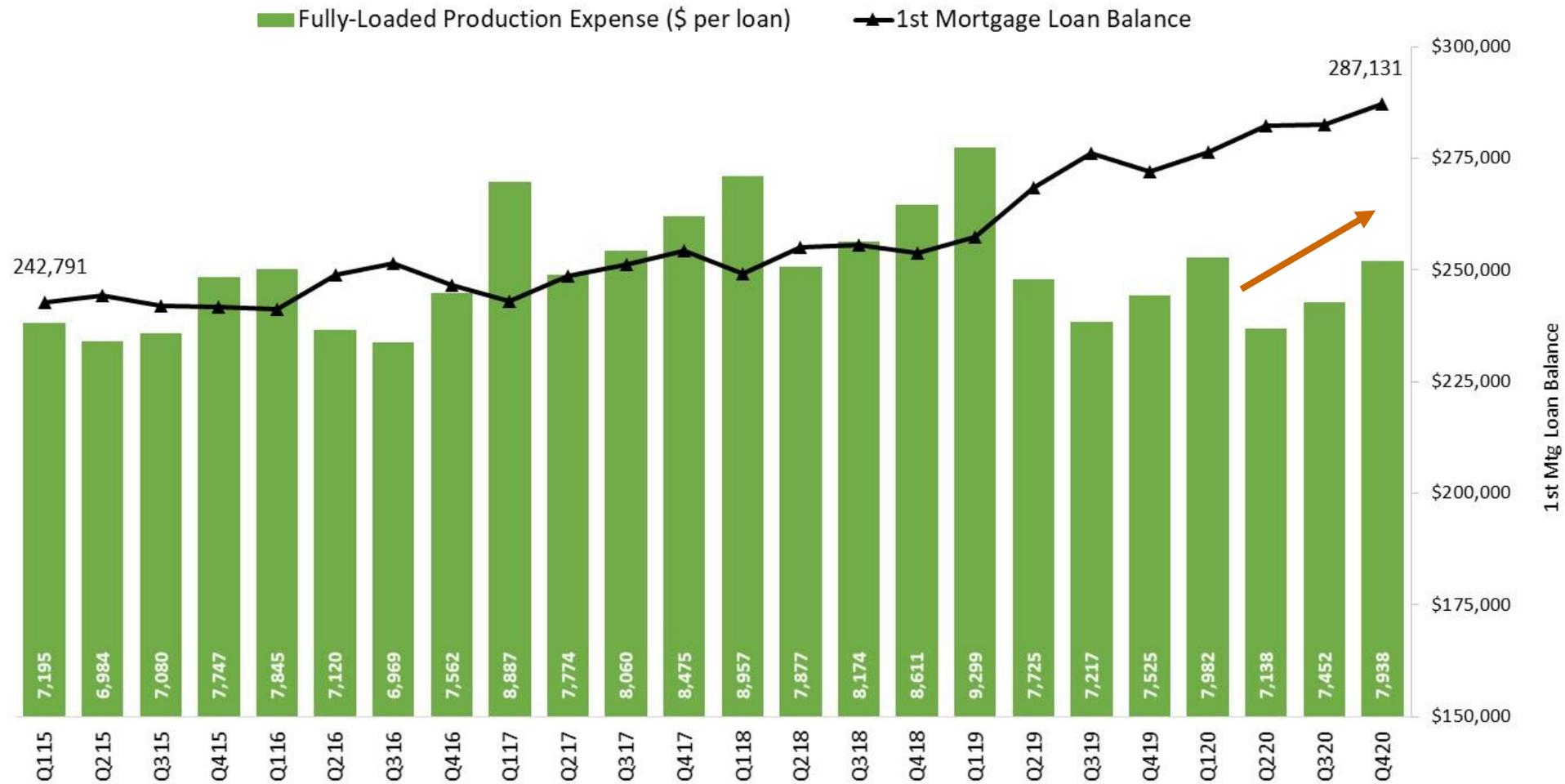


Profitability Across All Production Channels Skyrocketed in 2020 (bps)

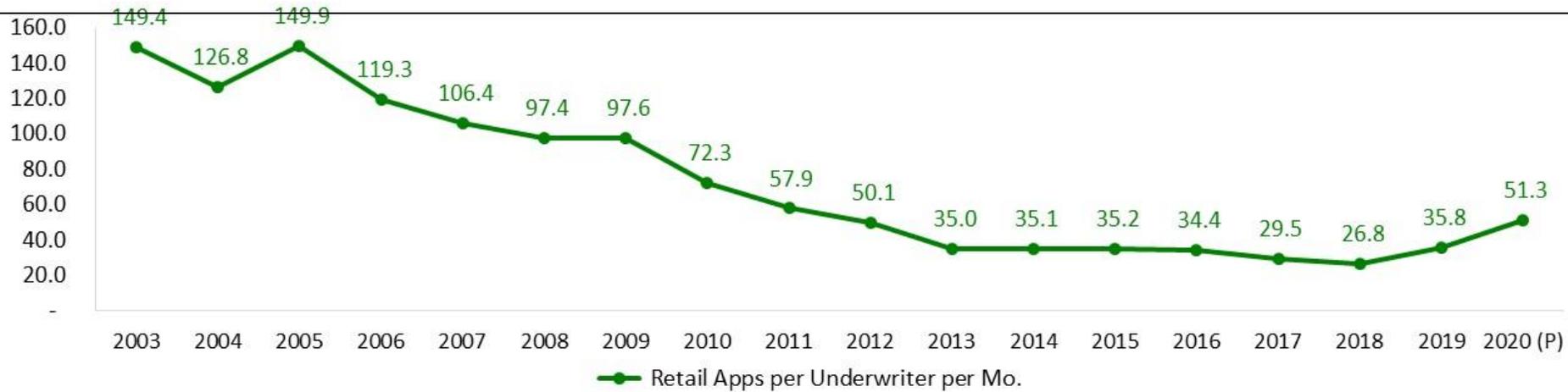
Total PGR Sample



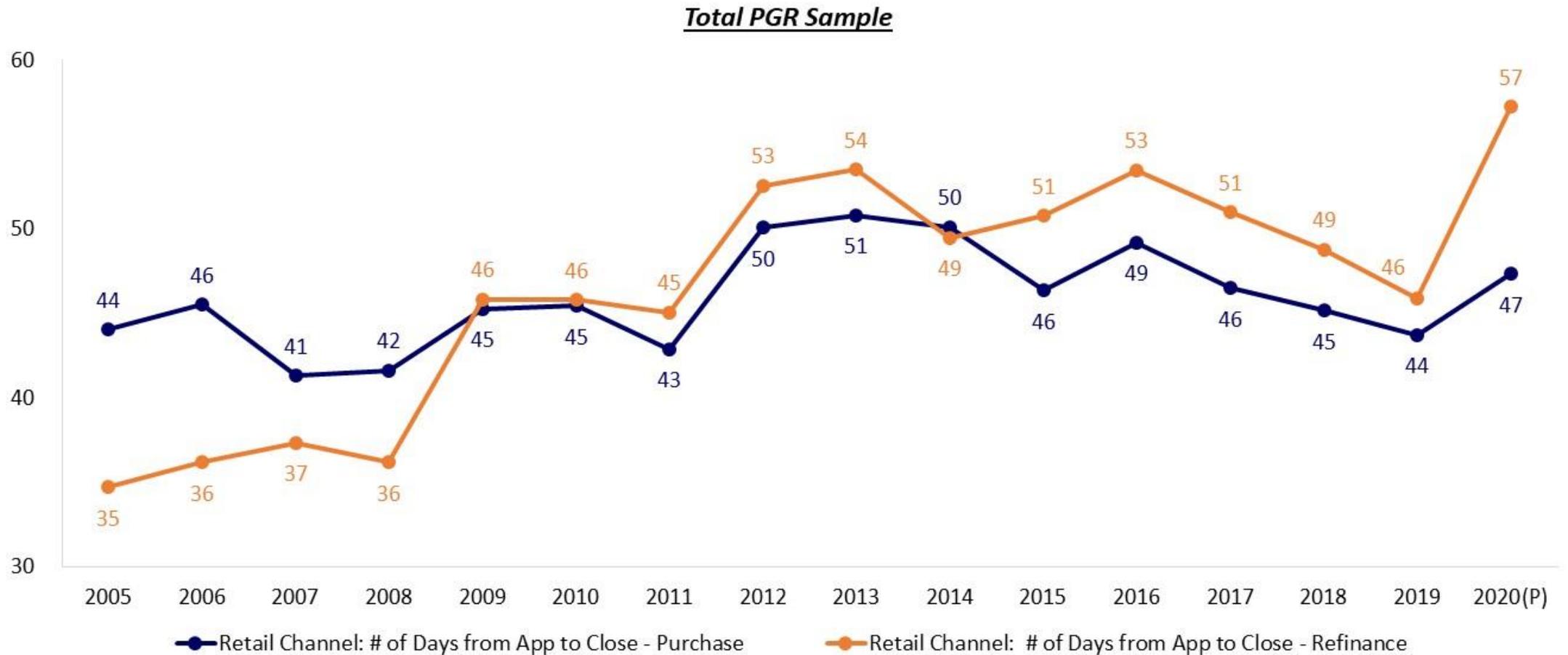
IMB Per-Loan Costs Initially Improved in 2020, but Ended Up Higher than 2019



Sales and Fulfillment Productivity in 2020

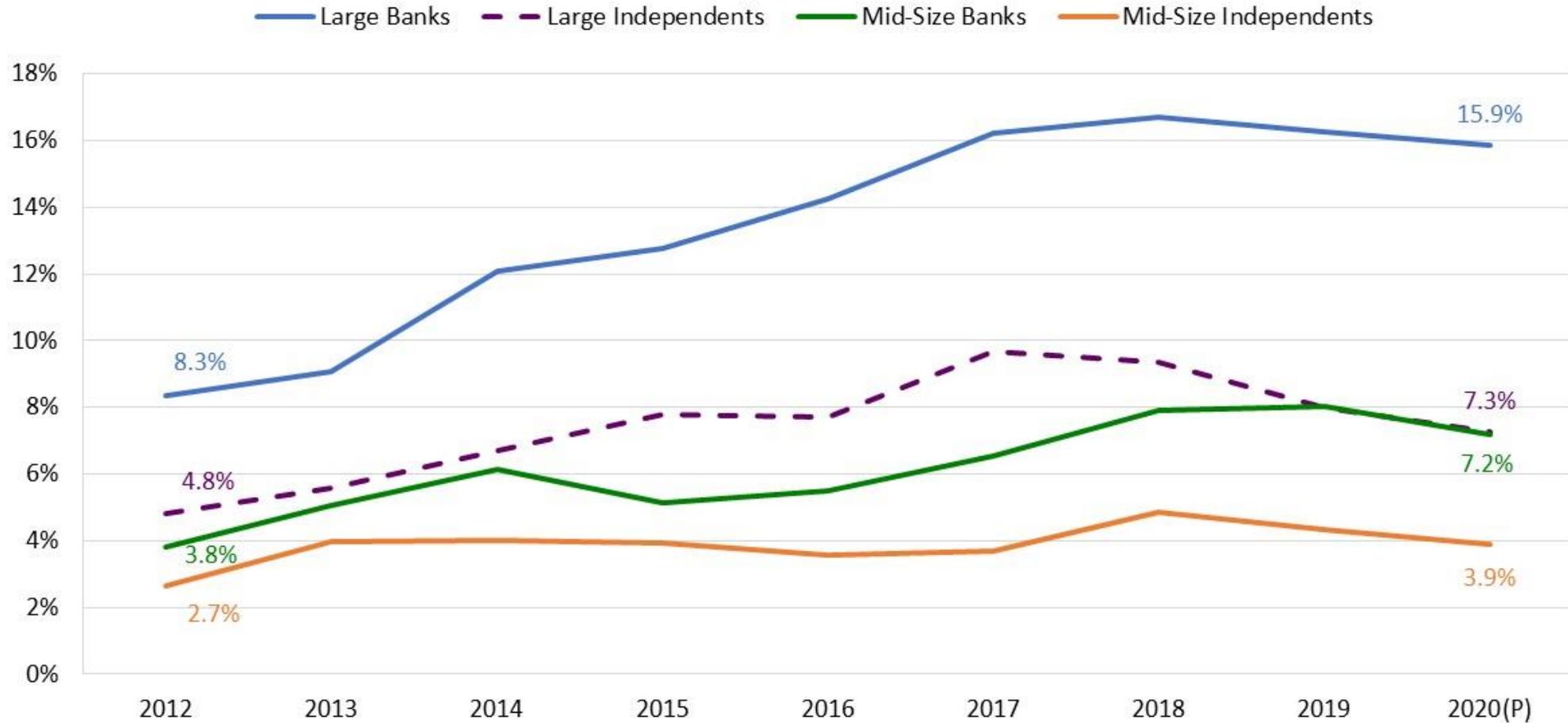


Days from Application to Closing for Refis Reached Study-High in 2020



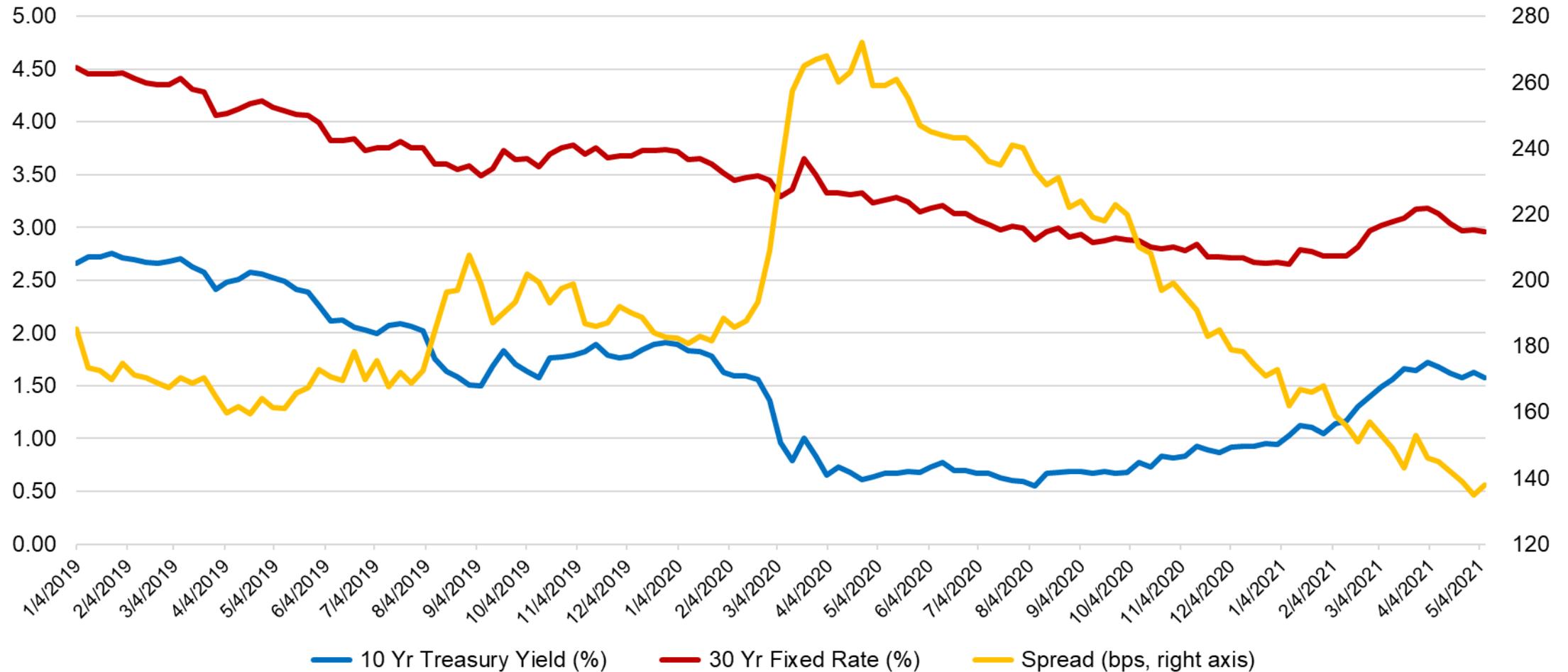
What Happened to Technology Spending in 2020?

Technology Costs as a Percentage of Total Mortgage Company Costs (%)

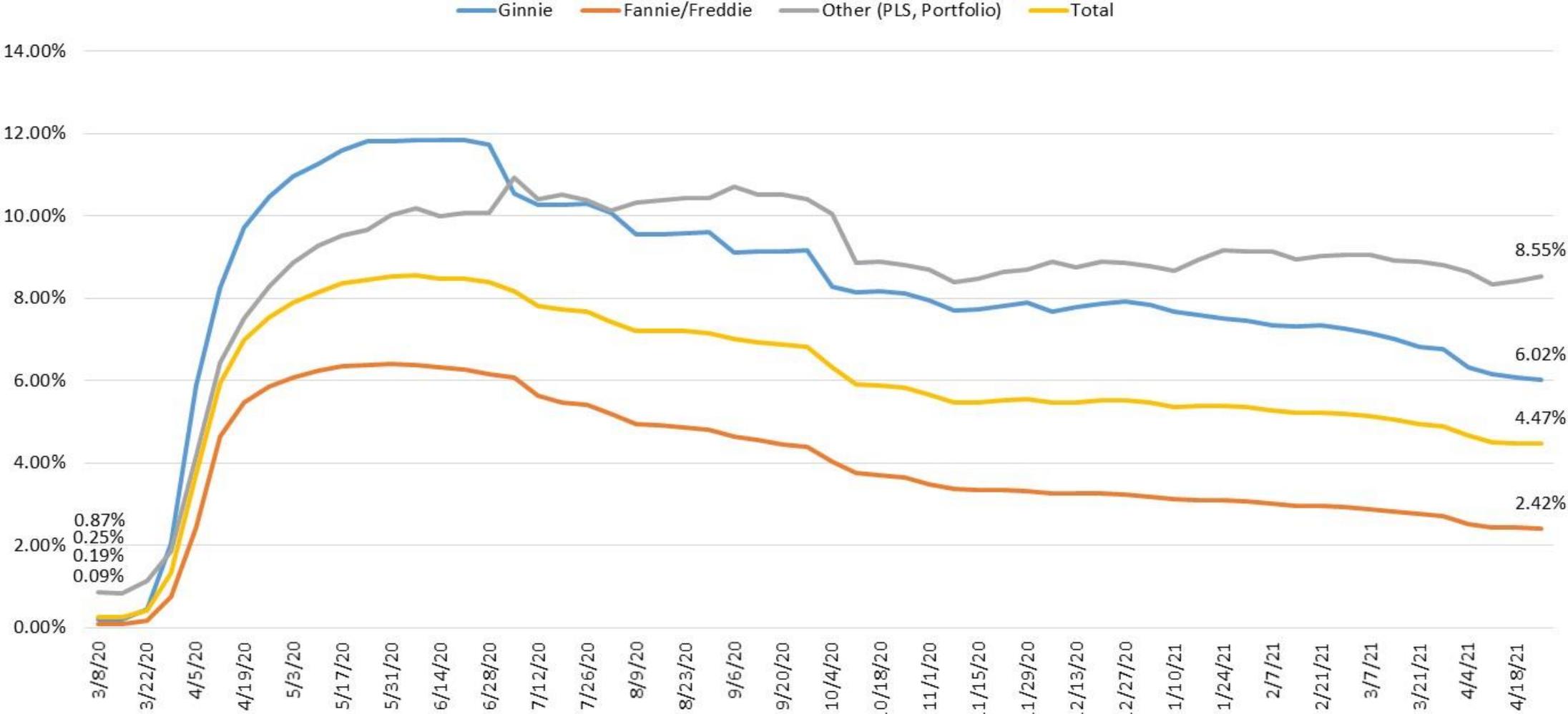


Mortgage-Treasury Spreads Narrowing, Rates Rising

30-Year Fixed Mortgage Rate versus 10-Year Treasury Yield



% of Servicing Portfolio Volume in Forbearance by Investor Type over Time (Full Sample)



Source: MBA's Weekly Forbearance and Call Volume Survey, as of 4/25/21
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